

## Message Text

CONFIDENTIAL

PAGE 01 PEKING 01391 110933Z  
ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 COME-00 EB-07 OPIC-03 FEAE-00  
INT-05 OES-07 CIAE-00 INR-07 NSAE-00 AS-01 /052 W  
-----003341 111232Z /46

R 110344Z JUL 77  
FM USLO PEKING  
TO SECSTATE WASHDC 8159  
INFO AMEMBASSY BONN  
AMEMBASSY THE HAGUE  
AMCONSUL HONG KONG  
AMEMBASSY OSLO  
AMEMBASSY PARIS  
AMEMBASSY TOKYO

C O N F I D E N T I A L PEKING 1391

E.O. 11652: GDS  
TAGS: ETRD, EEWT, CH, XG

SUBJ: PRC INTEREST IN IMPORT OF COMPLETE PLANTS

REF: (A) PEKING 1131 (NOTAL), (B) PEKING 1373 (NOTAL)

1. SUMMARY: THE PRC IS AGAIN ACTIVELY ENGAGED IN  
NEGOTIATIONS FOR THE IMPORT OF COMPLETE PLANTS.  
PULLMAN-KELLOGG HAS BEEN ASKED TO BID ON ELEVEN  
NEW AMMONIA FERTILIZER PLANTS AND A SWISS FIRM  
IS NEGOTIATING FOR THE SALE OF 20,000 TON A YEAR  
STEEL FOUNDRY. A PRC DELEGATION HAS JUST LEFT  
FOR EUROPE FOR STUDY AND DISCUSSION OF FERTILIZER  
AND PETROCHEMICAL PLANTS. END SUMMARY.

2. WE HAVE BEEN TOLD IN CONFIDENCE BY A PULLMAN-  
KELLOGG OFFICIAL THAT THE COMPANY HAS BEEN ASKED  
TO PREPARE BIDS FOR ELEVEN NEW AMMONIA  
FERTILIZER PLANTS. (THIS INFORMATION IS  
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COMMERCIALLY SENSITIVE SAND SHOULD BE FULLY  
PROTECTED). THE PRC HAS SPECIFIED THAT THEY  
SHOULD BE "COAL-FIRED" PLANTS, A PROCESS  
WHICH PRESENTS MANY TECHNICAL PROBLEMS,  
ACCORDING TO THE OFFICIAL.

3. ALSO IN THE PETROCHEMICAL FIELD, A

PRC DELEGATION LEFT ON JULY 1 FOR A TWO-MONTH VISIT TO EUROPE TO STUDY AND DISCUSS ADVANCED TECHNOLOGY FOR A BROAD VARIETY OF PETROCHEMICALS, PARTICULARLY RELATING TO CHEMICAL FERTILIZER PLANTS. THE DELEGATION IS LED BY TSUI CHUN, DIRECTOR OF THE TECHNICAL IMPORT CORPORATION, AN UNUSUALLY HIGH-RANKING PERSON FOR THIS TYPE OF GROUP. THE ITINERARY INCLUDES THE PRC, FRANCE, NORWAY, AND THE NETHERLANDS. WE UNDERSTAND THAT THE FOCUS OF THE TRIP WILL BE DISCUSSIONS AT CORPORATIONS WHICH ARE ABLE TO SUPPLY COMPLETE FERTILIZER PLANTS AND ADVANCED PETROCHEMICAL TECHNOLOGY.

5. COMMENT: CHINA'S NEW APPROACH TO FOREIGN TRADE, ENUNCIATED IN RECENT MONTHS, INCLUDES THE PLANNED RESUMPTION OF PURCHASES OF WESTERN COMPLETE PLANTS AND EQUIPMENT. WHILE UP UNTIL RECENTLY CHINESE OFFICIALS WERE PRIMARILY TALKING ABOUT THEIR PLANS, IT APPEARS THAT THE PRC IS AGAIN ACTIVELY IN THE MARKET. LAST MONTH TWO FRG FIRMS AND STANDARD OIL OF INDIANA SOLD TWO COMPLETE PETROCHEMICAL PLANS FOR THE PRODUCTION OF PTA AND POLYESTER FIBER (REF A). TWO EUROPEAN FIRMS ARE PRESENTLY IN PEKING  
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NEGOTIATING FOR THE SALE OF STEEL PROCESSING PLANTS, PROBABLY IN COMPETITION WITH EACH OTHER. ONE IS OFFERING A 20,000 TON FULLY AUTOMATED FOUNDRY FOR PRODUCTION OF CASTINGS FOR AUTOMOTIVE PARTS SUCH AS ENGINE BLOCKS (REF B). THE NEGOTIATIONS FOR ADDITIONAL FERTILIZER PLANTS AND A STEEL MILL INDICATE THAT THE PRC IS APPARENTLY STEPPING UP THE MOMENTUM OF ITS PURCHASES.  
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## Message Attributes

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**Channel Indicators:** n/a  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Review Withdrawn Fields:** n/a  
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**TAGS:** ETRD, EEWT, EPAP, CH, XG  
**To:** STATE  
**Type:** TE  
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